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SUBJECT Bechtel and the Reagan Cabinet

DAN RATHER: Many of the concerns that have been voiced about the choice of George Schultz to succeed Secretary of State Haig center on future US policy toward Israel, mostly because Schultz's company, Bechtel, does so much business with Arabs.

Richard Nixon, who met in Paris today with French President Mitterand, says that he knows Schultz well from his White House days, and Mr. Nixon said that Schultz will be neither pro-Arabic nor pro-Israeli. Mr. Nixon added, in a narrow sense he's going to be pro-peace.

As for who will shape policy, Mr. Nixon had this.

RICHARD NIXON: I've noticed the conjecture with regard to what's going to happen in the Mideast, what's going to happen to the Alliance, what's going to happen on East-West relations and so forth. Is it going to be the Haig policy or is it going to be the Schultz policy. Whether it's going to be President Reagan's policy. Secretary Schultz has his views. He will express them very strongly and very firmly to President Reagan. But in the final analysis, President Reagan will call the shots.

RATHER: George Schultz's nomination as Secretary of State casts a spotlight on the low profile firm for which he's been working. Founded in California 84 years ago, quote, "to build a few miles of railroad track", the Bechtel Corporation today is a multi-billion dollar international giant. It's been called a quintessentially American plan of dam builders, mine diggers, and opens up for the wilderness. Bechtel's also been called one of the most successful and secretive companies in its business.

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Now Linda Douglas looks at the privately-held concern and its contributions to the Reagan cabinet.

LINDA DOUGLAS: Here at the corporate headquarters in San Francisco there is a motto. "Bechtel Builds". And it does, as one of the nation's biggest, richest engineering and construction companies, with projects in 100 foreign countries. But some say Bechtel is more than a business. With its vast, secret holdings it is like a separate country.

FRANKLIN D. ROOSEVELT: And on behalf of the nation, who say to you, well done.

DOUGLAS: Bechtel's first giant project was purely American, the Hoover Dam, then the biggest government construction project ever done. That same year, completion of the Oakland Bay Bridge, a masterpiece of modern engineering.

Bechtel has built half of the nation's nuclear power plants, developed the Alaska pipeline, and built major subways and oil drilling platforms in the North Sea. Now Bechtel appears to be building a bridge to the Reagan Administration by contributing key executives to the cabinet.

Former General Counsel Caspar Weinberger, now Secretary of Defense; former executive W. Kenneth Davis, now UnderSecretary of Energy; and former Bechtel President, George Schultz, nominated to be Secretary of State.

Bechtel is so international it almost needs its own foreign policy. Schultz's critics worry that policy may become the nation's.

For example, Bechtel has a close relationship with Saudi Arabia, building energy projects and airports, and now the most ambitious undertaking yet, a city for 300,000 to be completed in ten years.

Bechtel lobbied for the sale of AWACs radar jets to the Saudis, and in 1976 was accused of participating in an Arab embargo of Israel.

SENATOR ALAN CRANSTON: What we have to ascertain is really what his views are of Middle East policy, whether they change now that he becomes Secretary of State from the time when he was President of the Bechtel Corporation.

DOUGLAS: Because of its secrecy, Bechtel has long been rumored to have links to the CIA. A former Bechtel executive, John McCone became head of the CIA, and another CIA Director, Richard Helms, is a Bechtel consultant.

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A Bechtel spokesman said there is not a relationship between the company and the CIA. The spokesman went on to say the Bechtel family would not grant interviews, but only because they like their privacy, not because they have anything to hide.

Linda Douglas, CBS News, San Francisco.